

ABSTRACT OF THE DISCLOSURE

A system and method is provided for preventing check kiting with credit card products. The disclosed system first determines whether the cardholder is exhibiting check kiting behavior. This is determined by examining an account with a bounced payment to find whether (1) the account became over limit due to the bounced payment, or (2) the account would become over limit if a recent payment bounced. If either is true, the account is marked for further review. The review helps prevent people who have accidentally bounced checks or kited checks from having their accounts restricted. To determine if the cardholder is check kiting, the issuer considers the number of good payments received by the cardholder and the amount that has been kited. If a cardholder has made less than a predetermined number of good payments and has kited an amount greater than a predetermined threshold, the account is restricted. Otherwise, no action is taken on the account. The restriction may be lifted when the account has been placed under limit by payments that have cleared.

15

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